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Review

Mining enterprise, regulatory frameworks and local economic development in South Africa

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Mining is a critical sector for national and local development in South Africa. This article analyses the nature of the changing regulatory and legislative environment affecting mining enterprises in South Africa and of issues relating to partnerships for local economic development. The discussion highlights the significant role of government regulation of mining activity and its leverage of partnerships. The most distinctive aspect of the South African record relates to the requirement for Social and Labour Plans. Opportunities exist for these plans to be a basis for a smooth transition to a post-mining economy in those local communities which are mining-dependent. Nevertheless, critical challenges remain in linking the commitments made by mining companies in their Social and Labour plans to municipal integrated development planning, one of the anchors for local development planning in South Africa. Further research is required on the shifting impress of mining on local communities in South Africa, government frameworks and of the challenges of partnerships for mining-led local economic development.

Key words: Mining enterprise, partnerships, local economic development, South Africa.

INTRODUCTION

Historically, mining has played a crucial role in the economic development of South Africa. For at least 50 years, mining has assumed the status of key driver of the national economy (Crankshaw, 2002; Department of Minerals and Energy [DME], 2008a; Mabuza, 2009). Currently, in terms of contribution to gross domestic product, the mining sector has been overtaken both by manufacturing and the finance and service sectors. Indeed, some analysts are writing that South Africa must prepare for the “post commodity economy” (Mabuza, no date). Despite its relative decline, it remains that mining still plays a pivotal role in the contemporary South African economy (DME, 2008a, 2009). According to official data, the mining sector accounts for 7.9% of South Africa’s GDP, albeit it is argued that “the indirect multiplier effects take the contribution to about 18.4% in total” (DME 2009). In addition, for 2006, mining contributed R 140 billion to South African exports, which constitutes 32.3% of national total merchandise exports and 25.2% of total

foreign exchange earnings. Overall, the sector employs (2006) approximately 458 600 workers, directly accounting for 3% of the country’s economically active population and indirectly “contributes to the welfare of a good deal more” (DME, 2008a).

It is claimed that South Africa has more than half of the world’s reserves of manganese, chromium and platinum group metals as well as 40% of the world’s vanadium, gold and vermiculite reserves (DME, 2008a, 2009). The country remains a leading world supplier of an array of minerals and mineral products (Mabuza, no date). In 2009, it was recorded that 53 different minerals were produced from a total of 1212 mines or quarries, including 47 which produced gold, 33 which produced platinum-group minerals, 89 which produced coal and 240 which produced diamonds (DME, 2009). Although gold has historically been the main mineral produced in South Africa, gold is giving way to new contenders in terms of the changing mining economy (Crankshaw, 2002).

Christianson (2011) points out the peak in South Africa's gold production was recorded in 1970 and by 2010, the country mined less than one-fifth of the 1970 volume of the precious metal. Lydall (2009) documents that since the 1980s, an increasingly important source of foreign exchange has been the country's resource of platinum group metals, which comprise platinum, palladium, rhodium, ruthenium, iridium and osmium.

Of South Africa's total mineral sales in 2006, the platinum group metals accounted for 53.6% of sales followed by gold (36.7%) and coal. Currently, the platinum metals group is the segment of mining which is experiencing the most dynamic growth and expansion in South Africa's minerals cluster (Walker, 2004, 2005; Walker and Minnitt, 2006). During 2006, platinum group producers committed to some 95 related projects with the single largest investments being Impala Platinum's 16 shaft in North West worth R 4500 million followed by Anglo Platinum's R 2400 million commitment in the Rustenburg area (Tjatjie, 2006). It is against this background of the continued significance of mining in the current South African economic landscape that this article interrogates two key issues. First, an analysis and mapping of the nature of the changing regulatory and legislative environments affecting mining enterprises in South Africa is undertaken. Second, an overview is given of existing research debates on partnerships, mining and local economic development in South Africa. This critical review of changing regulatory frameworks and local impacts of mining development in South Africa contributes to a wider international scholarship which exists around mining enterprises and partnerships for local socio-economic development programming (Rogerson, 2011).

THE CHANGING REGULATORY FRAMEWORK FOR SOUTH AFRICAN MINING

Prior to 1994, South Africa's minerals economy developed essentially without undue state intervention with the result that market forces largely dictated the pattern of its evolution (DME, 2008a). The new government initially adopted a cautious approach to the policy changes towards the mining sector (Crankshaw, 2002). A significant policy shift is that national government in South Africa has followed the example of other countries, such as Australia or Botswana, in favouring a greater and more active involvement in the development of the state in mineral rights (Mainardi, 1997).

With democratic change, a policy review was undertaken of the country's mining and minerals policy which took account the changing institutional environment as well as restructuring taking place in the mining industry (Department of Minerals and Energy DME, 1998).

This policy review commenced in 1995 and was led by the Department of Minerals and Energy (DME) which is the national government's leading agent in the regulation and development of South Africa's mineral resources. The review involved representatives of the executive and legislative branches of Government, as well as organized business, small-scale mining sector, labour, communities and environmental groups. The outcome of this review process was the production of a White Paper released in October 1998, Minerals and Mining Policy for South Africa, which examined six core themes, *inter alia*, business climate and minerals development, participation in ownership and management, 'people issues' (including health, safety and housing), environmental management, regional cooperation and governance (DME, 1998). By 2010, considerable uncertainty exists in the investment environment for mining enterprises which has been occasioned by a poor enabling environment for mining investment and the growing worries by local investors about recurring discussions of nationalization of mines (Christianson, 2011; Nicol 2011; Shone 2011). Despite these fears, foreign investors, most notably from China (Bannister, 2011), are expanding their footprint in the South African mining industry at precisely the time when established South African enterprises are seeking to expand their operations and investments outside South Africa (Christianson, 2011).

Mineral and petroleum resources development Act No 28 of 2002

The White Paper marked a watershed in South African minerals policy; for it represents the basis for initiating new state intervention in the country's minerals economy in order to address the legacy of racially discriminatory policies which had excluded a large majority of the country's population from full participation in the mining industry (DME, 2008a). The only significant regulatory measure prior to this was the Mine Health and Safety Act 1996 (Act 29 of 1996) which provides for the protection of the health and safety of employees and other persons at mines. The policy formulated in the White Paper was encapsulated in the Mineral and Petroleum Resources Development Act No 28 of 2002 (MPRDA) which regulates the prospecting for and optimal exploitation of minerals in the country. The MPRDA was passed by the South African Parliament in October 2002 and promulgated on 1 May 2004 (Republic of South Africa (RSA), 2004). Later, amendments have been effected to the Act (Republic of South Africa [RSA] 2007, 2009).

This Act defines the entire regulatory environment of the minerals industry from rights and ownership to mineral sales, value addition (beneficiation) and marketing. Essentially, the Act has six core objectives. First is to

recognize state custodianship of all mineral resources in the country. Second is to promote equitable access to the country's mineral resources, especially amongst historically disadvantaged South Africans. Third is to promote investment, growth and employment opportunities in the minerals industry and thereby, contribute to the country's welfare. Fourth is to provide security of tenure in respect of existing prospecting and mining operations. Fifth is to ensure that the country's mineral resources are developed in an "orderly and ecologically sustainable manner". Sixth is to ensure that holders of mining rights contribute towards the socio-economic development of the localities and areas in which they operate (Republic of South Africa (RSA), 2002a)

Of special significance was the Act's recognition of State custodianship of natural resources, which brought South Africa's regulatory environment in line with that of most other minerals producing countries (RSA, 2002a). It was argued that this universally recognized minerals rights arrangement would "lead to the freeing up of unused and hitherto effectively sterilized privately held mineral rights in prospective mineral terrain" which in turn might "attract international exploration and mining companies and also increase the level of competition among local players" (DME, 2008a). The MPRDA was to regulate approval and renewal of mining rights on a regular basis. The Act allowed holders of 'old order' mineral rights the opportunity to comply with its provisions and conversion of their rights within a period of five years ending in 2009, failing which, the 'old order' rights would cease to exist. Overall, one of the central tasks of the MPRDA was to provide the basis for transforming of the mining industry and South Africa's minerals economy (DME, 2008b).

A critical regulatory provision of the MPRDA is the submission of a Social and Labour Plan as the prerequisite for the grant of mining or production rights. The Social and Labour Plan requires that applicants for mining or production rights develop and implement comprehensive human resources development programmes, including employment equity plans in order to assist transformation of the industry. A second aspect of the Social and Labour Plan is preparation of local economic development programmes and processes which are targeted to save jobs and manage downscaling and/or closure. The DME states that these programmes are aimed "at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development" (DME, 2008b). In particular, the management of downscaling or closure seeks to minimize the "impact of commodity cyclical volatility, economic turbulence and physical depletion of the mineral and production resources on individuals" (DME, 2008b).

Any application for a mining or production right or conversion of an old order right in terms of the MPRDA has to be accompanied by submission of a Social and Labour Plan. The plan is submitted to the "Regional Manager" who is defined in the Act as "the officer designated by the Director-General as regional manager for a specified region" (RSA, 2002a). The Regional Manager may refer the plan back to the applicant with proposals for amendments. Once lodged and agreed, however, the plan is valid and cannot be amended without consent of the Minister until a closure certificate is issued. In terms of the MPRDA, holders of mining rights or permits remain "responsible for any environmental liability, pollution or ecological degradation, and the management thereof until the Minister has issued a closure certificate" (RSA, 2002a). The holder of a mining right has to submit an annual report on its compliance with the Social and Labour Plan to the relevant Regional Manager or Designated Agency.

The DME has issued a set of guidelines for the preparation of Social and Labour Plans. It is stated that the objectives of these plans are threefold. First is to promote employment and advance the social and economic welfare of all South Africans. Second is to contribute towards transformation of the country's mining industry. Three is to ensure that holders of mining or production rights contribute both to the socio-economic development of areas in which they operate and critically also to "the areas from which the majority of the workforce is sourced" (DME, 2008b). In terms of the Human Development Programme of the Social and Labour Plan, its core objective "is to ensure the availability of mining and production operation specific skills and competencies of the workforce, and skilling of employees for portable skills utilizable by the employees outside the life in the mining or production industries" (DME, 2008b). In other words, it is to improve skills in mining as well as skills that might be needed after the mine's closure. Issues to be addressed include a detailed skills development plan that shows how the mine intends to offer its employees opportunities to be functionally literate and numerate, learnerships, portable skills and any other training. Other considerations include preparation of a career progression plan, mentorship plan, internship, bursary plan and employment equity plan.

The central focus of the LED programme is described as to ensure poverty eradication and community upliftment both "in the areas within which mining or production takes place and in areas from which the majority of the workforce is being sourced" (DME, 2008b). Given effective financing, the Development Bank of Southern Africa is optimistic for the LED opportunities that can be linked to mining projects (Van Zyl, 2008). The DME, however, makes clear the LED programme "is not the corporate

social investment that companies have been involved with all along, but rather what the mine or production operation would leave behind" (DME, 2010). Much of the most prominent corporate social investment (CSI) initiatives – such as the Anglo American Group's Anglo-Zimele initiative - involve development of a range of support programmes (include finance) for black-owned SMMEs that might be engaged in procurement for the supply chains of mining enterprises (Anglo-Platinum, no date; Anglo-American South Africa and the International Finance Corporation, 2008; Anglo-American South Africa, 2008, 2009; Sanchez, 2009; Anglo-American South Africa, 2010).

In contrast to CSI initiatives, it is stated that the LED programme would include "sustainable projects which the mine or production operation will initiate, implement and support financially or otherwise" (DME, 2008b). Further guidelines are provided that, in accordance with the LED programme, the mine "must ensure co-operation with the formulation of the integrated development plans of the areas within which they operate; and co-operating with government in the implementation of the integrated plans for communities where the operation takes place and for major labour sending areas" (DME, 2008b). In other words, mines should link to the formulation and implementation of integrated development plans (IDPs) in their operational area and also have a commitment to implementation of IDPs in labour sending areas. Effectively, the mine must consult with communities and relevant authorities as well as participate in existing development forums and establish their LED programmes in line with the IDP of "the district municipality within which the operation takes place" (DME, 2008b). The mine must provide an analysis of the impact of its operations in respect of the following: number of jobs, SMME development, infrastructure development, community development and poverty eradication. In addition, it must furnish a plan to establish "the preferred requirements for housing and living conditions of the workforce", including new operations for giving information on the sustainability of the settlement beyond the mine's life and for existing operations and measures for improving standards of housing.

Finally, the Social and Labour Plan must incorporate processes relating to the management of downscaling, retrenchment, and for regenerating local economies which would be implemented in time of need. These processes are to be developed in line with South Africa's Department of Labour's Social Plan Guidelines, which can be traced back to the 1998 Presidential Job Summit (African Institute of Corporate Citizenship, 2001). Included here are provisions for establishing a future forum, mechanisms to save jobs and avoid job losses and mechanisms to provide alternative solutions and

procedures for creating job security in circumstances where job losses are inevitable. Most importantly, the holders of mine rights must outline mechanisms to ameliorate the social and economic impact on individuals, regions and economies where retrenchment or closure of a mine operation is certain. This might encompass activities such as counseling services, training programmes for self-employment, and comprehensive training and re-employment programmes.

Overall, the applicant for a mining right is responsible for funding of the Social and Labour Plan in the three key dimensions of human resource development; the LED programme; and, processes relating to management of downscaling and retrenchments. In addition, it is stated in the MPRDA that the holder of a mining right must give an undertaking to "ensure compliance with the social and labour plan and to make it known to the employees" (RSA, 2004). The effective intent in this mining legislation is therefore that mining companies are required to start planning for mine closure even at the time (or prior to) that the mine actually opens its operations (Marais and Atkinson, 2006).

One remarkable aspect of the Social and Labour Plans (SLP) is that after approval by DME, these plans are not made public. The secrecy around these plans has created considerable concern and controversy. A recent report by Action Aid points out in critical fashion that this secrecy surrounding SLPs "is of particular concern" as they are what mining companies largely rely on "to justify its working in a particular area" (Action Aid, 2008). Further, it is argued that local municipalities are often reliant on company SLPs to promote local economic development as there are few other investors in many remote rural areas. Action Aid (2008) contends that the fact "local communities are not even aware of what is in these plans hardly bodes well for promoting their own development". The Action Aid is highly critical of DME and states that "DME's contention that these are not and should not be made public is an apparent attempt to protect the mining companies from further scrutiny" (Action Aid, 2008).

The mining industry charter

Beyond the MPRDA, another important aspect of regulation for the South African mining industry relates to the Broad-Based Socio-Economic Empowerment (BBSEE) Charter or Mining Charter which seeks to redress the historical, social and economic inequalities that exist in South Africa's minerals industry (RSA, 2002a). The mining charter was introduced in 2002 and its formulation "was actively pushed by the DME" (Sanchez, 2009). The mining charter has several stated aims. First is to promote equitable access to the nation's

mineral resources to all the people of South Africa. Second is to substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSA), including women, to enter the mining and minerals industry and to benefit from exploitation of the country's mineral resources. Third is to utilize the existing skills base for the empowerment of historically disadvantaged South Africans. Fourth is to expand the skills base of HDSA in order to serve the community. Fifth is to promote employment and advance the social and economic welfare of mining communities and the major labour distribution areas and finally to promote beneficiation of South Africa's minerals (Republic of South Africa (RSA), 2002b).

The main objective of the Mining Charter was to achieve 26% ownership by previously disadvantaged individuals in mining companies by 2012. It is argued that the Charter furnishes "a framework to help the mining companies comply with the Mineral and Petroleum Resources Development Act, which obliges them to promote black economic empowerment when applying for the new mineral rights or converting current rights" (Fauconnier and Mathur-Helm, 2008). Sanchez (2009) points out that as the mining charter was one of the earliest Charters; its stated target group is HDSA as opposed to black South Africans. The spirit of the charter is, however, not one to favour the advancement of white women and gives considerable emphasis to the advancement of preferential procurement and according preferred supplier status to HDSAs. A key element is the scorecard which sets a framework, targets and timetable (DME, 2008a). During April 2009, the DME released Codes of Practice for the Minerals Industry – so termed Mining Codes – which set specific targets for mining companies in respect of procurement spent with Black Economic Empowerment local suppliers. It is pointed out that these "codes are currently at discussion stage and a subject of dispute between the industry and the government" (Sanchez, 2009).

As a whole, the language and recommendations in the mining charter contains a number of similarities with the MPRDA. With respect to mine community and rural development, it commits stakeholders in partnership with all spheres of government to undertake to "co-operate in the formulation of integrated development plans for communities where mining takes place and for major labour sending areas, with special emphasis on development of infrastructure" (RSA, 2002b).

Nevertheless, the afore statement is slightly different to that contained in the DME (2008a) Social and Labour Plan commitments in respect of a commitment to assisting IDP formulation in labour sending areas as well as operational areas. In another 2008 DME document, it is clarified that in terms of community upliftment

objectives, stakeholders "will cooperate in the formulation and implementation of integrated development plans for communities where mining takes place and in major labour-sending areas, as well as encouraging urban renewal in mined out areas in order to avoid the creation of ghost towns" (DME, 2008a). The focus on encouraging urban renewal is a new commitment which is not reflected as such in earlier documentation. In the 2008 Mineral and Petroleum Resources Development Amendment Act, a re-definition of the focus is given in terms of empowerment to be aimed at 'the socio-economic development of communities, immediately hosting, affected by supplying labour to the operations' (RSA, 2007, 2009).

Sustainable development and mining

Towards the end of 2005, the DME launched the sustainable development through mining programme which targets a "sustainable development strategy for the South African mining sector and to work towards reporting sustainable development progress to the United Nations in 2010 in terms of South Africa's commitments made at the Johannesburg World Summit on Sustainable Development" (DME, 2009). Although this initiative does not appear to have impacted so far upon the regulatory environment affecting mining enterprises, it provides useful information as to expectations of national government relating to the activities of mining enterprise. As this initiative moves forward, it is expected to consolidate as a full fledged Sustainable Development Strategy (DME, 2009).

The discussion document, which was released in August 2009, states that the sustainable development challenges are numerous. Significantly, it highlights that "the developmental needs of the industry are often not (yet should be) interlinked with regional and local community needs" (DME, 2009). It asserts that the integration of mining Social and Labour Plans must fall in line with municipal IDPs and LED plans. Further, the discussion document identifies certain 'negative' aspects of the mining environment which a national strategy would have to offset. First is the attraction of labour from long distances which results in "haphazard settlements in mining towns or areas adjacent thereto". Second is the social and health impact of mining such as HIV/AIDS which is exacerbated by single sex living arrangements. Third is the fact that mining "has not often necessarily contributed significantly to rural development in 'labour migratory areas', although this does not undermine its contribution to income and improved quality of life for families whose members are employed on mines" (DME, 2009). Fourth is the question of land degradation, water and air quality deterioration. Fifth is that despite

legislation such as the MPRDA, mining has not always resulted in appropriate economic benefits and spin-offs for rural communities. Sixth is the issue that local municipalities in South Africa's mining-dependent areas are largely under-resourced and lack capacity.

In respect of the vision for sustainable development linked to mining, several critical issues are highlighted which relate to economic and social development as well as partnerships. It is argued in line with the MPRDA that mining needs to deepen its contribution to socio-economic development and that it has "a responsibility to practically promote and uplift community livelihoods" (Department of Minerals and Energy (DME), 2007). Especially, for the SDM vision for sustainable resilient communities, both economic and social needs must be addressed. These include, *inter alia*, creating opportunities for community economic initiatives based on local entrepreneurship, infrastructure development, skills development and resources, as a basis for local economic development and competitiveness prior to and after mine closure (DME, 2009). The question of improved health care and mitigation of health and safety risks are important spheres of social development. In support of human capital development, the discussion document suggested the need for continued implementation and improvement of measures linked to health and safety standards as well as identifying a strengthened contribution of the mining sector to general health care and health education initiatives (DME, 2009). The document urges the importance of developing "effective partnerships and communication networks to promote good governance and ensure the ability of government (that is, the DME) to fulfill its mandate" (DME, 2009). Critical issues to achieve this goal include ensuring transparency and availability of information, the maintenance of democratic and inclusive communication channels, the implementation of co-operative governance; support for partnerships between and within government departments, industry and civil society; and, encouraging multi-stakeholder integrated local level planning (DME, 2007, 2009). Finally, the DME discussion document reiterates that "mining should be conducted within a regional development context". What this means is explained that "mining activity in any region or area should be integrated into the developmental plans of that region as agreed by various regional stakeholders" such that it prevents "the phenomena currently known as 'ghost towns' when mines close, and will serve to move mining closer to sustainable development" (DME, 2009).

MINING AS A DRIVER FOR LOCAL DEVELOPMENT IN SOUTH AFRICA

At present, there exist only a handful of investigations

that interrogate issues around mining and local government in South Africa. The existing scholarship on mining, partnerships and local economic development is analysed here. The range of studies includes work on the local development impacts and responses to the downscaling of gold mining in the Free State (Seidman, 1993; Binns and Nel, 2001; Nel and Binns, 2001), the closure of coal mines in Northern KwaZulu-Natal (Binns and Nel, 2003; Nel et al., 2003), and planning for the closure of diamond mining in Free State (Centre for Development Support, 2005; Marais et al., 2005). As a whole, it is evident that most existing investigations in mining-dependent towns relate to responses to local crises of decline rather than the operations and local impacts of 'living mines'. The most important work on operational mining is controversial research surrounding Anglo-Platinum's operations in Limpopo (Action Aid, 2008).

Mining and local economic development

Research on issues around mining and local economic development can be subdivided into two different strands of research. The first concerns the local impacts of existing operational mines; the second focuses more squarely on issues of downscaling and potential or actual mine closure.

Operational mines and their impacts upon local communities and livelihoods in South Africa have attracted little research attention. One exception, however, is provided by the highly critical analysis which was undertaken recently of Anglo Platinum's activities upon rural communities in Limpopo (Action Aid, 2008). Key findings of the investigation undertaken of Anglo-Platinum's operations were as follows. First is that mining replaces or destroys traditional ways of life and livelihoods and can result in the loss of agricultural land for large numbers of rural dwellers. Second is that whole communities have lost access to drinking water because of serious water pollution linked to mining operations. Third is that forced removal of communities has been effected as villages have been removed from their homes following so-termed 'relocation agreements' which Anglo-Platinum made with associations that the company claims represent 'the community' but which are associations established by the company itself. Fourth is that several rural communities suffer daily the consequences of intrusive mining operations including blasting activities which destroy or damage local homes and the environment. Fifth is resistance and community protests to improve services offered to villagers or to challenge loss of land to mining operations has been met with police brutality and legal action from Anglo-Platinum. Sixth is

that corporate claims of social responsibility have been shown as shallow as the company spends less than 1% of its profits on voluntary local community development on education, health and welfare or SMME development. Lastly, corporate claims of positive impacts in terms of increased job opportunities and local incomes must be set against losses endured by large numbers of farming households of their basic livelihoods and food security with few alternative livelihood opportunities available.

Overall, the actions of this mining corporation were considered by Action Aid (2008) as a possible violation of human rights as guaranteed under South Africa's Constitution. This claim was, however, not fully endorsed in a report produced by the South African Human Rights Commission and focused on the platinum mine near Mokopane, Limpopo (Anglo Platinum, 2008). Nonetheless, the Human Rights Commission's report draws attention to the "disintegration of trust" in communities impacted by relocation and offered a series of recommendations both for communities and companies in relation to resettlement issues. Of critical importance was that it highlighted the necessity for stronger partnerships between the mining company and the local municipality in order to address both local service delivery and environmental issues such as blasting.

An important outcome of this report has been that Anglo-Platinum entered into a collaboration agreement with the South African Local Government Association (SALGA) on basic service provision, municipal capacity building and infrastructure development (Anglo-Platinum, 2009; SALGA and Anglo-Platinum, 2009). The central objectives of this partnership are twofold. First, to promote and protect Anglo Platinum's reputation and socio-economic value in communities interested in or affected by the company's activities. Second is to build a mutually beneficial and sustainable environment for both communities and Anglo Platinum. This partnership is taking root against the backdrop of five major strategic challenges. First, Anglo Platinum confronts high levels of community mobilization, damage to corporate image, "inconsistent alignment with Government strategies", and generally poor and conflictual relationships with many communities that it deals with. Second, the company also faces the challenge of how to ensure the development of mostly poor communities with immense development problems and now affected by its mining operations. Third, an additional serious challenge exists to address the impacts of mining operations on community safety, health and welfare. Fourthly, entrepreneurial and other economic opportunities offered through the mine's operation are not being maximized by local communities. Fifth, local government in the mining areas of Anglo-Platinum has serious shortcomings in terms of institutional capacity (Anglo-Platinum, 2009). The approach is

essentially one toward building partnerships and improved relationships between municipalities, the private sector and local communities. This approach is considered the essential base for supporting transformation with respect to local development as well as building the capacity of local government to be an effective agency for local development. At its core the emphasis is upon driving a pro-active local economic development and community development agenda (SALGA and Anglo-Platinum, 2009).

As noted, however, the largest focus of writing in existing work on mining and local economic development relates to the devastating consequences of mine downscaling and closure for localities rather than to the impact of ongoing mine operations. The critical point is highlighted by several observers that mining towns are often 'mono-industries' as the local economic bases of the majority of towns are heavily mining-dependent and thus highly vulnerable to the effects of operational downscaling or closure (Binns and Nel, 2001; Centre for Development Support, 2005; Marais and Atkinson, 2006; Marais, 2011). The South African experience of mining monoculture, in most respects, is little differentiated from that recorded in other parts of the world.

Amongst the multiple consequences for localities from mine closures in South Africa, the following effects are recorded across the existing literature on the decline of gold, coal and diamond mining activities (Seidman, 1993; Binns and Nel, 2001; Nel and Binns, 2001; Binns and Nel, 2003; Nel et al. 2003; Centre for Development Support, 2005; Marais et al., 2005; Marais, 2011). Local research highlights the following issues. The quantity and quality of local jobs decreases dramatically leading to situations of under- and unemployment with negative consequences for standards of living. Job losses impact not only on mine employees but also in negative fashion on local mine supporting industries. In addition, service suppliers, including informal sector suppliers of services (taxi, spazas, hawkers) to mine employees, are negatively affected. Furthermore, the local informal sector suffers negative consequences, not least as migrant labour return home. The specialist skills associated with mining is a factor which makes re-employment in other economic sectors highly problematic. Retrenchment packages for workers are rarely used for business development, instead, for paying off debt or family maintenance. Local governments are hit badly by reduced revenues from local taxes and often higher non-payment rates for services as increases in indigency occur with sudden increases in the numbers of poor people in need of local government support. Many local services such as schools, water and sanitation have to be modified in order to accommodate reduced numbers of local inhabitants. Local facilities and infrastructure

provided by mines, including buildings, roads and subsidized clinics and schools become subject to deterioration or breakdown, not least in circumstances where the under-resourced local municipality is forced to take over operation and maintenance. Finally, negative social effects are recorded in terms of loss of social status, breakdown of social networks and community cohesion.

As a whole, the mapping out of the negative impacts of mine downscaling and closure shows the complexity of local planning challenges that must be dealt with in order to achieve sustainable development and the making of a post-mining economy (Marais, 2011). The weight of these multiple challenges lends further credence to the argument that appropriate planning for mine closure should not be left to a crisis response to be undertaken in the immediate years before intended closure or run down. Instead, planning for a sustainable post-mining economy and sustainable communities needs to be undertaken on a long-term basis and start at the time of the opening of mine activities (Marais and Atkinson, 2006). In addition to tracking the consequences associated with the decline of mining, the existing literature details issues of local response and of positive local development initiatives in the face of local economic decline and crisis (Nel et al., 2003; Marais, 2011).

Mining closure forces municipalities to live up to their mandate of developmental local government and engage more pro-actively in local development initiatives (Nel et al., 2003; Marais et al., 2005). From the existing record, a number of examples can be noted. In the declining coal-mining areas of Northern KwaZulu-Natal, a strong local response was found in Utrecht, where a series of initiatives were launched for changing the economic base from mining to tourism (Binns and Nel, 2002). Key actors behind these initiatives were local government which enjoyed strong support from and linkages with mine authorities. Among critical LED projects were the establishment of a local game reserve, an arts and crafts centre, a game farm and urban farming (Binns and Nel, 2003). At the nearby town of Dundee, local responses again involved the municipality in becoming pro-active in partnering with other local stakeholders in responding to the town's economic crisis; here, arts and crafts and urban farming were sectors of attention (Nel et al., 2003).

Further, in those towns affected by collapse and rundown of gold mining in the Free State, partnerships were again formed with the objective of creating new sources for job creation. The local municipality in Welkom identified several new 'key sectors' for developing the regional economy, namely, intensified agricultural production, jewellery manufacture, tourism, freight and cargo distribution; and, the establishment of sector-driven specialized training and support centres (Binns and Nel,

2001; Nel and Binns, 2001). Finally, in the former Free State diamond mining centre of Koffiefontein, the mine closure precipitated the consolidation of joint initiatives led by the mining company De Beers to use the mining activity and infrastructure as the basis for tourism development (Marais et al., 2005; Marais and Atkinson, 2006). This development is in line with international trends of using closed mines as heritage tourism attractions (Helmuth, 2008).

The opportunity for partnerships through IDP planning and implementation

The new mining legislation introduced since 2002, in the form of the MRPDA, provides a changed paradigm for the activities of mining enterprises to the extent that they must deepen their commitments to local development. In particular, the requirement to produce the Social and Labour Plan potentially encourages mines to develop far more reaching programmes for local development than those usually contained in corporate social responsibility initiatives or plans. The objectives set forth in the mining charter in terms of advancing the social and economic welfare of mining communities and labour sending areas provide a catalyst for facilitating collaboration between mining companies and local municipalities. In many respects, municipalities are at the 'coal face' of local development and since 1998 have been acknowledged to be "the key front-end development agencies of the state" (Marais and Atkinson, 2006). In several respects, municipalities enjoy a number of advantages over civil society organizations as development agencies. In particular, they can "pass by-laws, raise revenue, receive government subsidies and grants, undertake spatial planning and provide bulk infrastructure" (Marais and Atkinson, 2006).

The most critical focal point for collaboration is through the development and implementation of IDPs which emphasize infrastructure development for communities in areas of mining operations (DCOGTA, 2009). The IDPs offer a real opportunity for integrated development programmes and coordinated development for most municipalities. It has been stressed correctly that IDPs fulfill a pivotal role in bringing together a wide array of developmental issues, priorities, stakeholders and programmes and represent an important platform to build sustainable local economies. Accordingly, Marais and Atkinson (2006) argue "it is imperative that the mining sector takes cognizance of the IDPs that have been drafted" and where mines have not so far participated in IDP preparatory processes, this should be remedied in future. Indeed, the more seriously that IDPs are taken by key developmental stakeholders such as mines, "the

more robust the IDPs will progressively become". Furthermore, for the mining sector, the IDPs are critical, in that they address developmental issues, "not from the standpoint of the mining sector itself, but from the point of view of the surrounding communities and the government authorities" (Marais and Atkinson, 2006).

In many respects, the IDP can be interpreted as a valuable lens, identifying threats and opportunities in a local economy, and offers a "way of understanding how the mining sector is perceived and experienced by the larger society, and therefore, how the mines can target their social interventions most effectively". Generally, the preparation of IDPs involves varying degrees of public participation (Marais, 2011). Notwithstanding differential bases of participation in preparation, IDPs "are probably the most accurate contemporary record of how local leaders and local residents view mining issues" (Marais and Atkinson, 2006). Furthermore, as IDPs are acknowledged as binding documents for wider cooperation by municipalities, the implications are that if partnerships are sought with national or provincial departments, then such programmes should be negotiated through the relevant municipality through the channel of the IDP. This argument points to the imperative for improving (often unrealistic) IDPs, which often sidestep issues of economic development, and of expanding the frequently limited or poor public participation processes involved in IDP preparation to embrace mining companies. It has been observed that in the drafting of many IDPs, mining representatives may not have participated because of a feeling of reluctance arising out of IDP biases in favour of lobby groups representing the poor and widespread distrust of the private sector by municipal officials.

Overall, Marais and Atkinson (2006) make the important observation that what is needed now is "for the interventions of mines, government departments and municipalities to find common points of contact, so that partnerships can be forged and synergies exploited". In partnership with the German International Development, South Africa's Department of Cooperative Governance (2009) is seeking to promote 'cross-sector partnerships' between South African local government and the country's mining sector. In this regard, IDPs can offer valuable opportunities for consultation and partnership. In terms of searching for cross-sectoral collaborative partnerships between municipalities and mining companies for improved service provision, infrastructure development and implementation, undoubtedly, IDPs provide a promising starting point. In planning and implementation for a sustainable post-mining economy, IDPs are a core vehicle for change. It must be concluded therefore that IDPs offer a basis for leveraging cooperation and partnership between mining enterprises and local government. The existing shortcomings in IDP

processes must be thus identified and addressed as 'first level blockages' to the making of effective cross-sectoral partnerships.

CONCLUDING REMARKS

Within international scholarship on the mining sector, the South African case represents a high profile example of the development of partnerships for enhanced socio-economic development (Rogerson, 2011). This review of the changing policy environment affecting South African mining enterprise and associated research highlights the significance of government intervention and regulation as a lever for partnership formation. In particular, the most distinctive aspect of the South African policy record relates to the implementation of the Social and Labour Plans. Arguably, potential opportunities exist for these plans to be a basis for a smooth transition to a post-mining economy in local communities which are mining-dependent. Nevertheless, critical challenges remain in terms of monitoring the commitments of mining companies in their Social and Labour Plans towards municipal integrated development planning, which is one of the anchors for local development planning in South Africa. Further research is needed on the changing impacts of mining on local communities in South Africa, the development and challenges of partnerships, and of the role of mining-led local economic development.

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